

CHAPTER 12

PRELIMINARY ENGINEERING GRANTS

OVERVIEW

This chapter describes the specific requirements related to the administration of preliminary engineering grants. The 1999 Legislature added to the Treasure State Endowment Program (TSEP) statute a provision that statutorily appropriates an amount of \$425,000 to the Montana Department of Commerce (MDOC) in each biennium, beginning July 1, 2001 until June 30, 2005, for matching grants to be used for preliminary engineering work. The grant can only be used to fund work related to preliminary engineering.

A. START UP REQUIREMENTS

1. TSEP Contract

The TSEP grant recipient is required to enter into a grant agreement with MDOC. MDOC will work with the applicant in establishing a reasonable contract termination date based on project specifics. Other than special exceptions approved by MDOC, grant agreements will not be extended. (See Exhibit 12-A for a sample of the TSEP contract.)

The TSEP grant recipient must appropriate, by resolution, the grant or loan money received from MDOC. The resolution must state the source of the money, the program in which money will be expended and the effective date of the resolution. If the TSEP funds have been appropriated as part of the annual budget process, a separate resolution is not required. (See Exhibit 4-A for a sample budgetary resolution format.)

2. Completing Signature and Depository Forms

These forms must be completed and submitted to MDOC in order to receive TSEP funds. The Signature Certification Form (Exhibit 1-F) authorizes several local officials to sign requests for payment. At least two officials must sign each drawdown request. The Designation of Depository form (Exhibit 1-G) provides that the payment for a grant or a loan will be sent directly to the local government's designated bank account. The Designation of Depository must indicate the name and/or number of an account (general depository) to which MDOC will authorize the direct deposit of TSEP funds. If the TSEP recipient ever

needs to change the authorized signatories or depository, new forms must be submitted to MDOC.

B. PROCUREMENT REQUIREMENTS

TSEP grant recipients are required to procure the services of a registered professional engineer to complete preliminary engineering studies. All State of Montana and MDOC requirements concerning the procurement of engineering services will apply. **To be eligible for reimbursement, engineering services must be procured in compliance with Section 18-8-201, MCA.** See Chapter 3 Procurement Requirements for more information about the procurement process.

In order to ensure that expenditures will be eligible for reimbursement, contact the TSEP staff for guidance before procuring engineering services or incurring any costs that the local government may later request reimbursement for.

C. FINANCIAL MANAGEMENT OF THE GRANT

1. Expenses Eligible For Reimbursement

TSEP funds can only be used for the preparation of plans, studies, analyses, or research in the preparation of a preliminary engineering report (PER) as described in the most current *Uniform Application Supplement for Montana Public Facility Projects*. A completed PER will be required to be submitted to MDOC, which meets the requirements, and generally follows the format, of the *Uniform Preliminary Engineering Analysis for Montana Public Facility Projects* outline. While MDOC requires that the PER follow the basic structure of the outline, we understand that some deviation from the outline may need to be made at the more detailed levels of the report.

In the preparation of a PER related to bridge projects, TSEP funds can be used to assess the condition of one or more, or all, of the bridges within the applicant's jurisdiction.

Costs that have been incurred or obligated prior to executing a grant contract with MDOC are ineligible for reimbursement with TSEP preliminary engineering grant funds.

2. Eligible Match

The TSEP grant recipient must provide a match of local funds toward the cost of eligible activities. The match may be in the form of cash reserves, or it may be borrowed. Other sources of grant funds can be used for preliminary engineering costs in excess of \$30,000.

A firm commitment of matching funds for the entire project is required prior to receipt of TSEP funds. The TSEP grant recipient must provide written documentation of the firm commitment of matching funds. If the TSEP grant recipient is providing cash reserves, a budgetary resolution should be submitted. If a loan will provide the match, a copy of the loan agreement should be submitted.

Costs that have been incurred or obligated prior to executing a grant contract with MDOC, are not considered eligible as match except for special exceptions that may be approved by MDOC.

3. Request of TSEP Funds

No TSEP funds appropriated for the 2005 biennium are available for actual distribution until after July 1, 2003.

The Department will reimburse the TSEP grant recipient a maximum of 50% of the total grant amount for incurred expenses within 30 days of receipt of an approved draft PER. The draft report must address each item required in the PER outline as presented in the most current edition of the Uniform Application Supplement for Montana Public Facility Projects. While it is not expected that the document will be complete, it must show clearly that all applicable items required for a PER are being addressed and that the engineer is proceeding toward the preparation of a complete and acceptable final product.

The Department will reimburse the TSEP grant recipient the balance of the grant within 30 days of receipt of an approved final PER for any additionally incurred expenses not claimed in the first payment. The final version must be complete and must address all requirements for the PER outline as presented in the most current edition of the Uniform Application Supplement for Montana Public Facility Projects. A Uniform Environmental Checklist as presented in the most current edition of the Uniform Application Supplement for Montana Public Facility Projects must also be completed and attached to the PER.

A Request for Funds Form (For Preliminary Engineering Grants) is used by TSEP grant recipients to request TSEP funds for reimbursement of eligible

project costs (see Exhibit 12-B). The form, along with a copy of the invoice from the consultant and either the draft or final PER, should be sent to your TSEP staff liaison at the Department of Commerce, CDD/TSEP, 301 South Park Avenue, PO Box 200523, Helena, MT 59620-0523.

Upon receipt, the TSEP staff liaison for your project will review your request to ensure that the form is properly completed and the PER meets minimum requirements and is acceptable to MDOC. MDOC will need approximately 30 days after the TSEP grant recipient has submitted the draft or final PER to review the report and process the TSEP payment. TSEP grant recipients will be notified if the draft or final PER is found to be unacceptable for payment. Whenever possible, the Department of Environmental Quality's State Revolving Fund staff will be involved in reviewing the PER. Depending on their workload, review times could potentially take longer.

D. CLOSEOUT OF THE GRANT

Prior to final payment, the TSEP grant recipient must submit to MDOC a complete PER that addresses all of the requirements of the PER outline as presented in the most current edition of the Uniform Application Supplement for Montana Public Facility Projects. A Uniform Environmental Checklist as presented in the most current edition of the Uniform Application Supplement for Montana Public Facility Projects must also be completed and attached to the PER.

Prior to final payment, the TSEP grant recipient must provide a certification to MDOC showing the sources of funds that the TSEP grant recipient has expended in the preparation of the PER. (See Exhibit 12-C)

The TSEP grant recipient must retain all of the project related records for three years after the final closeout of the TSEP grant.

CHAPTER 12

EXHIBITS

- 12-A TSEP Contract for Preliminary Engineering Grants
- 12-B Request for Funds Form for Preliminary Engineering Grants
- 12-C Final Closeout Certification for Preliminary Engineering Grants